

DIRECT TESTIMONY OF

CLAYTON VAUGHN

ON BEHALF OF

THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF

DOCKET NO. 2021-259-C

**IN RE: PETITION OF THE OFFICE OF REGULATORY STAFF FOR
COMMISSION TO ORDER A RULE TO SHOW CAUSE AS TO WHY THE
CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY FOR
CERTAIN PROVIDERS OF TELECOMMUNICATIONS SERVICES
SHOULD NOT BE REVOKED**

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Clayton Vaughn. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the State of South Carolina as a Program Specialist, in the Telecommunications Department of the South Carolina Office of Regulatory Staff ("ORS").

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I received an Associate Degree in Marketing from Midlands Technical College in August of 2010. I was employed by Dominion Energy South Carolina in November of 2010 and held various positions within the Telecommunications Department. After 10 years with Dominion Energy South Carolina, I was employed by the Office of Regulatory Staff in November 2020 to work in the Telecommunications Department. My current job description has been devoted to the regulation of the telecommunications industry in South Carolina.

Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA?

A. No.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of this testimony is to support ORS's Petition filed on August 10, 2021 in this docket and to present evidence that certain telecommunications carriers including payphone service providers subject to the Commission's jurisdiction have failed to comply with at least one of the following requirements: (1) file a 2020 Gross Receipts Report; (2) file a 2020 Annual Report; (3) file a 2019 Universal Service Fund ("USF") Contribution Worksheet ("USF Worksheet"), and/or (4) pay Gross Receipts Fees as required by law.

ORS seeks the revocation of the carrier's authority to operate in South Carolina and recommends the Commission suspend the Eligible Telecommunications Carrier (ETC) designation of wireless carriers that have failed to comply with filing and/or payment requirements. The Commission has authority to determine whether a wireless carrier is eligible to receive federal universal service support, and wireless carriers with ETC designation have agreed to comply with the Commission and other requirements to maintain their ETC designation in South Carolina.

Q. ARE TELECOMMUNICATIONS CARRIERS REQUIRED TO FILE A GROSS RECEIPTS REPORT?

A. Yes. Pursuant to S.C. Code Ann. §§ 58-1-100, 58-3-540, 58-4-60 and 58-9-370 (Supp. 2014), telecommunications carriers, under the jurisdiction of the Commission, are assessed annually by the Department of Revenue based on their gross income from their operations in South Carolina.

Q. ARE TELECOMMUNICATIONS CARRIERS REQUIRED TO FILE AN ANNUAL REPORT?

A. Yes. Pursuant to SC Code Ann. § 58-9-370 (Supp. 2014), telecommunications carriers, under the jurisdiction of the Commission, are required to file Annual Reports. Each wireless carrier with an ETC designation has also agreed to comply with South Carolina reporting requirements in a stipulation with ORS.

Q. ARE CARRIERS REQUIRED TO FILE A UNIVERSAL SERVICE FUND CONTRIBUTION WORKSHEET (“USF WORKSHEET”)?

A. Yes. The Commission has approved Universal Service Fund guidelines which require each carrier to report on an annual basis the information necessary to allow ORS to calculate each company’s South Carolina USF support amount. The guidelines were approved in Commission Order No. 2001-996, dated October 1, 2001, and amended by Order No. 2016-756, dated October 19, 2016. The latter Order modified the guidelines to conform with Act 181 and Order Nos. 2016-22 and 2016-680 which required wireless carriers and interconnected VOIP providers to support Universal Service in South Carolina.

Q. ARE CARRIERS REQUIRED TO PAY GROSS RECEIPTS FEES?

A. Yes. S.C. Code Ann. § 58-3-100 (2015) provides that each year the South Carolina Department of Revenue (“DOR”) “must assess each public utility its proportion of regulatory expenses in proportion to its gross income from operations in South Carolina in the year ending on the thirtieth day of June preceding that on which the assessment is made which is due and payable on or before July fifteenth”.

Q. HOW DID YOU IDENTIFY THE CARRIERS WHICH HAVE NOT PAID THEIR GROSS RECEIPTS FEES?

A. The Department of Revenue (“DOR”) provides an Outstanding Receivables Report (“ORR”) to ORS. DOR’s ORR is generated monthly and provides a listing of telephone utilities which have outstanding or unpaid gross receipts fees. Certificated telephone utilities with outstanding gross receipts fees are identified in the attached Testimony Exhibit A.

Q. PLEASE EXPLAIN EXHIBIT A ATTACHED TO YOUR TESTIMONY.

A. Testimony Exhibit A lists those carriers that remain out of compliance with the regulatory requirements of South Carolina. The carriers with an “X” in Column B (Gross Receipts Report), Column C (Gross Receipts Fees), Column D (Annual Report) Column E (USF Worksheet), Column F (Slamming), and/or Column G (Failure to Respond) continue to be out of compliance as of the date of this testimony.

Q. HAS ORS RECEIVED ANY RESPONSES FROM THE CARRIERS INITIALLY NAMED IN THE RULE TO SHOW CAUSE PETITION?

A. Yes. ORS has received responses from some carriers. Three (3) carriers have come into compliance since ORS filed its Petition.

Any carrier that was listed on the August 10, 2021 Petition Exhibit A and has since come into compliance with the Commission’s requirements does not appear on the Testimony Exhibit A.

Q. WHAT ACTION DOES ORS RECOMMEND THAT THE COMMISSION TAKE?

A. ORS recommends that the Commission revoke the Certificates of Public Convenience and Necessity for those wire line carriers that are out of compliance.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

OUT OF COMPLIANCE TELEPHONE UTILITIES
(An X indicates the report or payment was not received by the Office of Regulatory Staff or DOR)

Company	Gross Receipts Report	Gross Receipt Payment	Annual Report Filing	USF Worksheet	Slamming	Failure to Respond	Certificate Type	Address	Certificate Docket	Order Granting Authority	Standing w/ Secretary of State	Registered Agent
Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M
American Telecommunications Systems, Inc.			X	X			IXC	107 W Michigan Ave, 4 th Floor, Kalamazoo, MI 49007	1997-66-C	1997-652	Good Standing	B. Allston Moore Jr. 5 Exchange St Charleston, SC 29401
City Communications Inc			X				CLEC & IXC	300 Village Center Dr. Ste 1103, Woodstock, GA 30188	2019-100-C	2019-493	Forfeited	InCorp Services Inc. 317 Ruth Vista Rd Lexington, SC 29073
Infinity Networks, Inc	X						PSP	309 East Mark St, Marksville, LA 71351	2013-421-C	2016-425	Good Standing	CT Corporation 2 Office Park Ct. Ste 103 Columbia, SC 29223
Jaroeth Inc dba Pacific Tele management Service	X						PSP	2001 Crow Canyon Rd, Ste 201, San Ramon, CA 94583	1985-150-C	2002-570	Forfeited	CT Corporation 2 Office Park Ct. Ste 103 Columbia, SC 29223
Ocean Terminal Corp, Com-Tech Division	X						PSP	PO Box 182, Mt. Pleasant, SC 29464	1985-150-C	1997-61	Forfeited	
Opex Communications Inc dba TCI Long Distance			X	X			IXC	3777 Long Beach Blvd, Ste 400, Long Beach, CA 90807	1998-471-C	1999-142	Forfeited	CT Corporation System 2 Office Park Ct, Ste 103 Columbia, SC 29223
Payphone Partners, Inc	X						PSP	2520 Sandis Rd N, Ste 100, Charlotte, NC 28227	1985-150-C	1999-586	Good Standing	Tony Oxendine 2640 Goldeneye Ridge Sumter, SC 29150
Total Holdings, Inc dba GTC Communications	X		X	X			IXC	3777 Long Beach Blvd, Ste 400, Long Beach, CA 90807	2008-440-C	2009-171	Forfeited	CT Corporation System 2 Office Park Ct, Ste 103 Columbia, SC 29223
Touchtone Communications			X				IXC	16 South Jefferson Rd, Whippany, NJ 07981	2002-364-C	2009-139	Good Standing	Cogeneity Global Inc. 2 Office Park Ct, Ste 103 Columbia, SC 29223